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C O N F I D E N T I A L SECTION 01 OF 02 MANAMA 000600

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SUBJECT: MINISTER OF STATE FOR FOREIGN AFFAIRS DESCRIBES
VISIT TO IRAN

REF: MANAMA 0419

Classified By: Ambassador William T. Monroe for reasons 1.4 (b) and (d)

¶1. (C) Summary: Minister of State for Foreign Affairs Al Baharna told the Ambassador June 27 that his recent two-day visit to Iran was introductory and came about as a result of his late 2006 appointment as minister. While in Tehran, he discussed next steps for a bilateral commission and the possibility of Bahrain purchasing Iranian natural gas. Although he characterized the discussion as a tactic to pressure Qatar to agree to provide gas to Bahrain, he emphasized that Bahrain's natural gas needs are "acute" and that Iran had indicated its willingness to sell gas. The Ambassador warned of possible legal problems with the United States as a result of a potential deal. Al Baharna reported that he had urged Iranian ForMin Mottaki to cooperate with the IAEA on its nuclear program, and said that Mottaki claimed to want to cooperate with the United States. On atmospherics, Al Baharna said that Tehran seemed more relaxed than it was during a visit two years earlier. End Summary.

¶2. (C) In a June 27 meeting with the Ambassador, Minister of State for Foreign Affairs Nezar Al Baharna said that his recent two-day visit to Tehran was introductory and occurred as a result of his appointment as minister in late 2006. While in Tehran, he focused on planning the next session of the Bahrain-Iran bilateral commission. Despite some confusion on next steps, Al Baharna said the two sides had agreed to meet in Bahrain sometime around the end of the year. The commission has subcommittees focusing on political and economic affairs, and his Iranian interlocutors expressed an interest in expanding trade arrangements between Iran and the GCC states.

¶3. (C) The Ambassador stated that press reports of the visit concentrated on discussions of the possible sale of Iranian natural gas to Bahrain. He warned that such a deal could result in legal problems with the United States, and Bahrain's engagement with Iran comes at a time when the international community is tightening the screws on Iran to try to improve its behavior. Al Baharna said that during Minister of Oil and Gas Affairs Abdul Hussein Ali Mirza's visit to Iran in the early spring (reftel), the two sides had discussed forming a committee on natural gas. The Iranians have appointed their representatives and Bahrain now must do the same.

¶4. (C) Al Baharna said Bahrain has three options for sources of natural gas: Qatar, Saudi Arabia, and Iran. The GOB is still talking to Qatar, but the Qataris have overcommitted their production and have told Bahrain that they will revisit the question in 2009 for later delivery, possibly in 2012. Bahrain would prefer to purchase gas from a source "in our area," meaning Qatar or Saudi Arabia, but it has to explore

its options. Iran had indicated its willingness to sell gas.

Al Baharna said that, off-the-record, the discussions with Iran are a tactic to apply pressure on Qatar, and he hoped talks with Qatar are successful. But, he said, Bahrain is in an acute position, with power generation, water desalination, and industry all relying upon the supply of natural gas. In five to six years, there will be a major crisis in the region due to a natural gas shortage, with prices jumping up. He noted that Oman and Iran the previous day had signed an agreement for the export of Iranian gas.

15. (C) In a meeting with Iranian Foreign Minister Mottaki, Al Baharna said that he had raised Iran's nuclear program and Iraq. He urged Iran to cooperate with the IAEA to build confidence with the international community. Mottaki claimed that Iran was working with the IAEA and had invited its inspectors to visit the country. Al Baharna responded that the dispute must be settled diplomatically and politically. On Iraq, Mottaki said that Iran fully supports the Maliki government, stressing that Iran wants stability in Iraq. Mottaki claimed that Iran wants to cooperate with the United States, but the U.S. refuses to cooperate with Iran. He blamed it on "American pride," saying the U.S. does not really want to work with Iran. Al Baharna said he paid a courtesy call on first vice president Dawoodi and although he had wanted to see Larijani, he did not.

16. (C) The Ambassador noted recent press reports describing a crackdown on liberties in Iran. Al Baharna said that this was not the impression he had from his trip to Tehran. Compared with his last visit there two years earlier, he said that people seemed to be more relaxed, commenting that he saw women in public in an upscale part of town with their hair uncovered. Restaurants were very busy, there was a lot of

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real estate development, and he noted that the quality of the construction appeared to have improved. He visited a property that might become a new residence for the Bahraini ambassador, and he thought the finishing was very well done and the garden was "like something you would see in Switzerland."

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